

MOST-FAVORED-NATION TREATMENT FOR AREAS UNDER OCCUPATION OR CONTROL

Exchange of notes at The Hague July 2, 1948

Entered into force July 2, 1948

Expired in accordance with its terms

62 Stat. 2921; Treaties and Other
International Acts Series 1831

The American Ambassador to the Minister of Foreign Affairs

THE HAGUE, July 2, 1948

SIR:

I have the honor to refer to the conversations which have recently taken place between representatives of our two Governments relating to the territorial application of commercial arrangements between the United States of America and the Kingdom of the Netherlands and to confirm the understanding reached as a result of these conversations as follows:

1. For such time as the Government of the United States of America participates in the occupation or control of any areas in western Germany, and the Free Territory of Trieste, the Government of the Netherlands will apply to the merchandise trade of such area the provisions of the General Agreement on Tariffs and Trade, dated October 30, 1947,¹ as now or hereafter amended, relating to most-favored-nation treatment.

2. The undertaking in point 1, above, will apply to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most-favored-nation treatment to the merchandise trade of the Netherlands.

3. The undertakings in points 1 and 2, above, are entered into in the light of the absence at the present time of effective or significant tariff barriers to imports into the areas herein concerned. In the event that such tariff barriers are imposed, it is understood that such undertakings shall be without prejudice to the application of the principles set forth in the Havana Charter for

¹ TIAS 1700, *ante*, vol. 4, p. 639.

an International Trade Organization ² relating to the reduction of tariffs on a mutually advantageous basis.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in western Germany, referred to in point 1, above, may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. So long as such a condition exists, and if consultation with the Government of the United States of America fails to reach an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in point 1 for the Government of the Netherlands to levy a countervailing duty on imports of such goods equivalent to the estimated amount of such subsidization, where the Government of the Netherlands determines that the subsidization is such as to cause or threaten material injury to an established domestic industry or is such as to prevent or materially retard the establishment of a domestic industry.

5. The undertakings in this note shall remain in force until January 1, 1951, and, unless at least six months before January 1, 1951, either Government shall have given notice in writing to the other of intention to terminate these undertakings on that date, they shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

Please accept, Excellency, the renewed assurances of my highest consideration.

HERMAN BENJAMIN BARUCH

His Excellency

Baron C. G. W. H. VAN BOETZELAER VAN OOSTERHOUT,
Minister of Foreign Affairs,
The Hague.

The Minister of Foreign Affairs to the American Ambassador

THE HAGUE, July 2, 1948

SIR,

I have the honour to acknowledge the receipt of your Excellency's Note of to-day's date, reading as follows:

[For text of U.S. note, see above.]

I have the honour to inform your Excellency that the Netherlands Government agree with the contents of the above Note.

² Unperfected; for excerpts, see *A Decade of American Foreign Policy: Basic Documents, 1941-49* (S. Doc. 123, 81st Cong., 1st sess.), p. 391.

I avail myself of this opportunity to renew to your Excellency the assurances of my highest consideration.

B. v. BOETZELAER

His Excellency

Dr. HERMAN B. BARUCH,
*Ambassador Extraordinary
and Plenipotentiary of the
United States of America,
The Hague.*